

INTERCO

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

Annual Report 1972



APPAREL · GENERAL RETAIL · FOOTWEAR

APPAREL MANUFACTURING GROUP

Manufactures and distributes a full range of branded sportswear and casual apparel for men, young men and boys; western jeans and shirts for the entire family; and coordinated work clothing. Distribution is national in scope to independent major department stores, specialty shops, and other retail units. Distri-

bution, under private label, is also made to large national retail chains.

The major brands include: Big Yank / Biltwell / Bold Breed / Campus / Cowden / Expressions by Campus / GTO / Impact 70's / John Alexander / Leonard Macy / Mercury Sportswear / Mr. Golf / Mr. Tennis / Tailor's Bench

GENERAL RETAIL MERCHANDISING GROUP

A wide assortment of popular-priced merchandise and services is provided for the growing middle-income population through 569 retail stores in most regions of the country.

General retailing operations include both full-service and self-service department stores, discount stores, specialty shops, and supermarket-type hardware,

lumber and building materials stores.

The principal regional trading names include: Central Hardware / Eagle Family Discount Stores / Fine's Men's Shops / Golde's / Keith O'Brien / Kent's / Hammel's / Lin-Brook Hardware / Miller's / P. N. Hirsch / Shainberg's / Standard Sportswear / The I.D. Store / Thornton's / Wigwam

FOOTWEAR MANUFACTURING AND RETAILING GROUP

Manufactures and wholesales men's, women's and children's footwear in most major price categories in the United States and Canada, and manufactures and wholesales men's footwear in Australia. Operates 870 retail shoe stores and leased shoe departments in the United States, Canada, and Mexico.

Principal retail shoe stores include: Florsheim Men's Shops / Gude's / Margolis Shoes / Paul's Shoes /

Phillips Shoes / Thayer McNeil Shoe Salons / Thompson, Boland and Lee

Major brands include: MEN'S—Ambassador/Florsheim / Hy-Test / Julius Marlow / McHale / Rand / Winthrop / Worthmore WOMEN'S—Denny Stewart/diVina/Florsheim / Miss Wonderful/Personality/Serenades/Thayer McNeil / Thomas Wallace / Vitality CHILDREN'S—Red Goose / Poll-Parrot / Savage



Sixty First Annual Report

Contents	Page
Highlights of 1972	2
Message to Stockholders	3
Fiscal 1972 in Review	4
Review of Operations	8
Consolidated Financial Statements	18
Five Year Consolidated Financial Review	24

Annual Meeting of Stockholders
will be held at 10 a.m. on March 12, 1973

Stouffer's Riverfront Inn
200 South 4th Street, St. Louis, Missouri

Notice of the meeting and proxy statement will
be sent to stockholders in a separate mailing.

OF YEAR/72

- Sales approached one billion dollars—\$981 million—a new record high.
- Net earnings—a record level of \$37.7 million.
- Fully diluted earnings per common share—\$3.56—a new high.
- Working capital of \$272 million—highest in 61-year history.
- Total assets almost one-half billion—\$486 million.
- Long-term debt—only 17% of invested capital at year end.
- Stockholders' equity in excess of \$300 million.
- Common stock dividend increased for eighth consecutive year.
- Five acquisitions during the year.
- Internal growth continues—and at year-end had the following:

Apparel—37 manufacturing plants with 7 major distribution centers.

General Retail—569 stores in operation with 8 major distribution centers.

Footwear—870 retail units in operation, 38 shoe manufacturing plants with 8 major distribution centers.

FINANCIAL RESULTS

FISCAL YEARS ENDED NOVEMBER 30,	1972	1971	CHANGE
From operations:			
Net sales	\$981,121,514	\$883,388,499	+ 11.1%
Earnings before Federal and foreign taxes	69,985,205	61,414,700	+ 14.0%
Net earnings	37,696,835	32,865,140	+ 14.7%
Percent of net sales	3.8%	3.7%	
Per share of common stock:			
Fully diluted earnings	3.56	3.18	+ 11.9%
Dividends	1.24	1.20	+ 3.3%
Financial condition at year end:			
Working capital	271,680,345	251,522,385	+ 8.0%
Current ratio	3.5 to 1	3.5 to 1	
Total assets	485,621,805	452,130,166	+ 7.4%
Stockholders' equity	302,580,825	271,062,230	+ 11.6%
Return on stockholders' average investment	13.0%	12.7%	
Shares outstanding at year end:			
Common stock	9,846,490	9,449,606	
Preferred stock	202,337	255,415	
Number of stockholders	14,200	14,700	
Number of employees	41,700	39,400	

To Our Stockholders:

Nineteen Hundred and Seventy-Two saw INTERCO reach a new record level of performance.

Net sales approached the one billion dollar mark, and both sales and earnings set new record highs for the ninth consecutive year.

In this near-decade, sales have risen from \$295.6 million in 1963 to \$981.1 million this year and net earnings of \$37.7 million are almost seven times greater than in 1963.

Steady progress in the markets served by the company was shown in the year just closed as sales, earnings, and earnings per share for each quarter of the year were higher than the comparable quarter of 1971. Strict budgetary control coupled with aggressive in-depth divisional management made these record results possible.

Communication continues to receive constant attention by means of monthly operating meetings held at corporate headquarters with top divisional executives, and quarterly sessions held at each division's own headquarters, and attended by the senior officers of INTERCO. Regular exchange of marketing, styling, manufacturing and retailing techniques throughout the company is essential in today's fast-changing and consumer-directed markets.

INTERCO is a broadly based manufacturer and retailer of popular-priced products for the expanding middle-income population range and several significant steps were taken during the past year to expand the company's business in these markets.

Increasing acceptance of our apparel lines required additional manufacturing and customer distribution facilities during the year, and a significant number of new retail units were put into operation.

The acquisition of Big Yank Corporation through an exchange of stock on July 31, 1972, was another forward step in our program to profitably expand our base of operations. We expect Big Yank, a leading casual and work clothing manufacturer, to contribute substantially to the growth of the company in the years ahead.

A more detailed review of developments within our three operating areas . . . Apparel Manufacturing . . . General Retail Merchandising . . . and Footwear Manufacturing and Retailing . . . is shown in pages eight through seventeen of this report. In all of these divisions we shall constantly strive to offer better values by the most efficient and economical methods.

The quarterly dividend rate on common stock was raised, effective with the January 5, 1973 payment, to 32 cents per share, equivalent to an annual rate of \$1.28. This is the eighth consecutive year in which the dividend has been increased, and is in compliance with guidelines established by the government's Committee on Interest and Dividends

which limits any increase in dividends to no more than 4%.

The Board of Directors, on December 11, 1972, approved the change of INTERCO's fiscal year from November 30 to February 28, effective in 1973. This change is advisable because the seasonal nature of the company's business activities has changed during the past nine years, and meshing the fiscal year with the natural business year permits better coordination of financial activities.

Excellent progress was made during 1972, and we are confident that the well-established operating and management procedures will result in another year of growth for INTERCO in 1973. This will be achieved by expansion of existing divisions and by acquisition of companies that meet the corporate goals of sound, profitable growth.

We extend to our customers, suppliers, associates and stockholders, our thanks for their support during fiscal 1972.

On behalf of the Board of Directors and Officers,

M.R. Chambers

Chairman of the Board and
Chief Executive Officer

J. Kiedy

President and Chief
Operating Officer

January 8, 1973

1972 in Review

Fiscal

INTERCO completed fiscal 1972—its 61st year of business—with record sales and earnings, thus achieving nine consecutive years of record levels for the company.

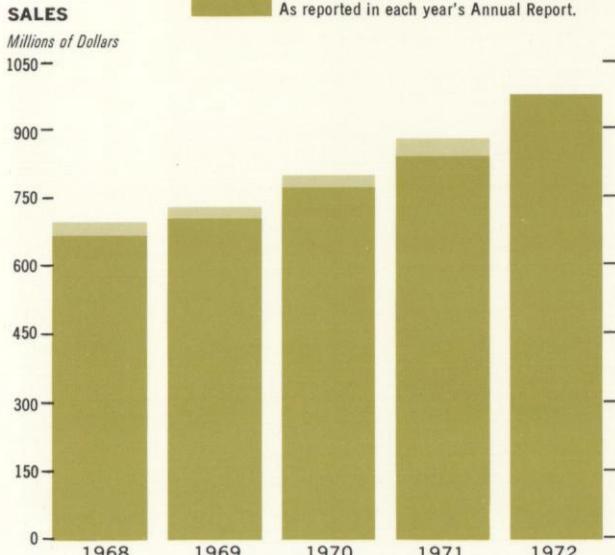
The comparative 1971 financial statements included in this report have been restated to reflect the acquisition of companies acquired in 1972 by the issuance of common stock and accounted for as poolings of interests, whereas the operating results of companies acquired and accounted for as purchases during 1972 are included from dates of acquisition.

SALES

Net sales for the year ended November 30, 1972, were a record \$981.1 million, an increase of \$97.7 million or 11.1% over the restated net sales of \$883.4 million for 1971. Net sales reported in fiscal 1971 were \$847.4 million.

INTERCO's three major operating groups—Apparel, General Retail and Footwear—all reported

Restated for companies acquired on a pooling of interests basis for years prior to their affiliation.
 As reported in each year's Annual Report.



record sales in fiscal 1972, as shown below in millions of dollars:

	Fiscal 1972		Fiscal 1971		% Increase
	Sales	%	Sales	%	
Apparel	\$221.2	22.5	\$194.8	22.1	13.6
General Retail	327.5	33.4	299.0	33.8	9.5
Footwear	432.4	44.1	389.6	44.1	11.0
Total	<u>\$981.1</u>	<u>100.0</u>	<u>\$883.4</u>	<u>100.0</u>	<u>11.1</u>

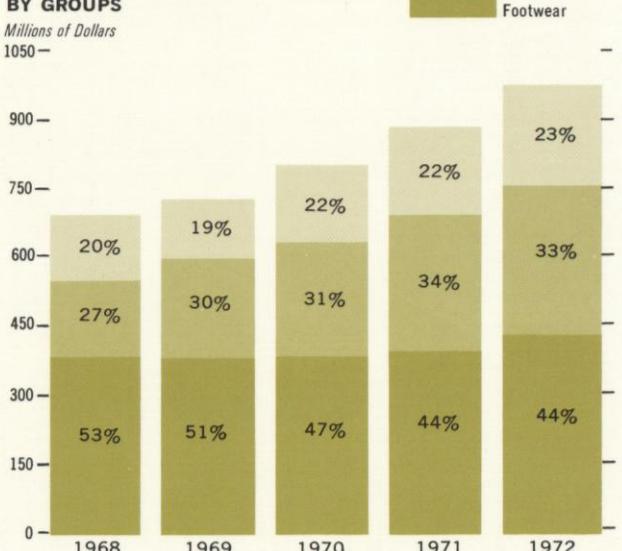
Sales of the Footwear group increased \$42.8 million in fiscal 1972, and for the second consecutive year, have been 44.1% of the total sales of the company. The 569 stores in the General Retail group showed an increase of \$28.5 million in fiscal 1972, however, this represents only a moderate gain on a store-for-store comparison.

EARNINGS

Earnings before Federal and foreign income taxes for fiscal 1972 were a record \$70.0 million or 14.0% greater than the restated 1971 pre-tax earnings of \$61.4 million. The pre-tax earnings reported in fiscal 1971 were \$58.9 million. The margin of profitability—pre-tax earnings to sales—increased to 7.1% in fiscal 1972—as a result of increased volume of business, strict budgetary controls, company-wide cost reduction programs, and in-depth management of the assets of the company.

Pre-tax earnings of each major operating group,

SALES CONTRIBUTION BY GROUPS



before corporate expenses and interest cost, are compared below in millions of dollars:

	Fiscal 1972		Fiscal 1971		% Increase (Decrease)
	Amount	%	Amount	%	
Apparel	\$21.1	27.3	\$16.4	23.8	28.7
General Retail	15.8	20.4	16.4	23.8	(3.7)
Footwear	40.5	52.3	36.2	52.4	11.9
Total	77.4	100.0	69.0	100.0	12.2
Corporate expenses and interest cost	7.4		7.6		(2.6)
Earnings before income taxes	\$70.0		\$61.4		14.0

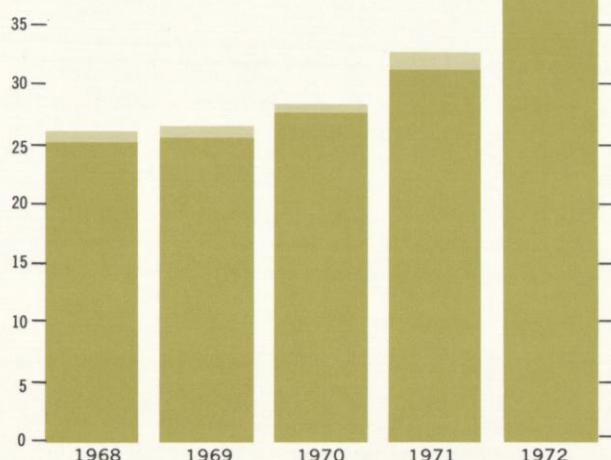
Record pre-tax earnings were achieved by the Apparel and Footwear groups in fiscal 1972. This performance was outstanding as every division within these two marketing groups increased earnings over fiscal 1971.

Pre-tax earnings in the General Retail group are down slightly in fiscal 1972, as the result of a decision in the fourth quarter of 1972, to liquidate Proctor Enterprises, a division of Central Hardware. Proctor was a mass-merchandiser of promotional hard goods and the nature of its business changed within the past year becoming an unprofitable operation. Under the plan of liquidation, markdowns were taken and reserves established. All other divisions within the General Retail group had profit improvement from operations in fiscal 1972.

NET EARNINGS

Millions of Dollars

40 —



Restated for companies acquired on a pooling of interests basis for years prior to their affiliation.

As reported in each year's Annual Report.

Net earnings for fiscal 1972 were a record \$37.7 million compared to restated net earnings of \$32.9 million for fiscal 1971, an increase of 14.7%. Reported net earnings for fiscal 1971 were \$31.5 million. The net earnings margin of profit increased to 3.8% in fiscal 1972 compared to 3.7% last year.

The effective Federal and foreign income tax rate of 46.1% in fiscal 1972 was somewhat lower than last year. This is primarily the result of almost a half-million dollar tax benefit from the "flow through" method of accounting for the investment tax credit.

Fully diluted earnings per common share, which assume the full conversion of outstanding preferred stock, the issuance of contingent common shares which may be earned by stockholders of companies acquired, and the exercise of stock options, were \$3.56 compared with \$3.18 in the prior year, an increase in earnings per share of \$0.38 or 11.9%. Reported fully diluted earnings per common share for fiscal 1971 were \$3.14.

FINANCIAL POSITION

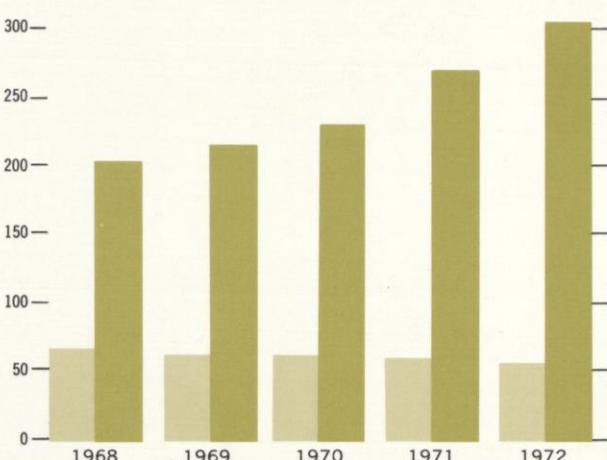
INTERCO's strong financial condition showed continued improvement in fiscal 1972. At year-end the company was well-positioned to adequately support future growth and expansion.

- Working capital, the excess of current assets over current liabilities, was a record high of \$271.7

STOCKHOLDERS' EQUITY and LONG-TERM DEBT

Millions of Dollars

350 —



Stockholders' Equity

Long-Term Debt

Fiscal 1972 in Review

million at the close of fiscal 1972—an increase of \$20.2 million over the prior year. This resulted in a ratio of current assets to current liabilities of 3.5 to 1 at November 30, 1972.

- Accounts receivable totaled \$134.3 million compared with \$115.0 million for fiscal 1971, an increase of \$19.3 million. Approximately one-half of the increase is applicable to acquisitions during the year, with the remainder the result of increased sales volume in the fourth quarter of fiscal 1972.
- Inventories increased to \$214.4 million at November 30, 1972, higher by 7.5% from the close of the past fiscal year, but considerably below the level of increases in volume of business done by the company. In addition, purchase acquisitions and the increase in retail stores opened during the year were a significant part of the higher inventories.
- Long-term debt, less current maturities, was reduced to \$62.1 million at end of fiscal 1972, thereby further reducing the company debt to 17.0% of invested capital. No additional long-term financing is planned at this time.
- Stockholders' equity amounted to \$302.6 million at November 30, 1972, an increase of \$31.5 million over the prior fiscal year. The return on average stockholders' equity was 13.0% in fiscal 1972. A summary of stockholders' equity is shown as part of the Consolidated Financial Statements.

CAPITAL EXPENDITURES

Capital expenditures during 1972 amounted to \$14.8 million, bringing the amounts spent for improvements, expansion and modernization over the past five years to almost \$75 million. Depreciation in 1972 was \$9.9 million.

The capital expenditures in fiscal 1972 included new retail stores, expanded apparel and footwear manufacturing plants and customer distribution facilities, and modernization of existing retail stores and manufacturing plants. Capital expenditures for next year are budgeted at \$14.0 million with depreciation of \$10.5 million.

CAPITAL STOCK

There were 9,846,490 shares of common stock outstanding on November 30, 1972, as compared to 9,140,285 shares reported a year earlier. The increase of 706,205 shares of common stock is the result of the following:

- 349,571 shares issued for acquisitions.

- 178,365 shares issued upon exercise of stock options.
- 178,269 shares issued upon conversion of 57,165 shares of preferred stock, Series A, B and C.

DIVIDENDS

Dividends on the company's common stock were paid at the annual rate of \$1.24 per share in fiscal 1972—four quarterly dividends of 31 cents per share.

The Board of Directors on December 4, 1972, increased the quarterly dividend rate on common stock to 32 cents per share, effective with the January 5, 1973, payment. This payment completed 60 years of continuous dividend payments, and represented the 247th consecutive payment to stockholders.

INTERCO paid regular dividends of \$12.8 million to holders of preferred stock and common stock in fiscal 1972. These payments represented 33.9% of 1972 net earnings.

ACQUISITIONS DURING THE YEAR

During the year, INTERCO continued its diversification program and acquired five businesses which complement existing marketing categories. A brief description and the annual sales volume of each at the time of their acquisition, follows:

- Golde's Department Stores, Inc., St. Louis, acquired on December 1, 1971, in an exchange of stock—operates junior department stores which feature a full line of branded soft goods with sales of \$4.6 million.
- On February 1, 1972, purchased for cash the operating assets of twenty-two self-service junior department stores located in the Midwest region, with sales of \$5.0 million. Now operate under the name of "P. N. Hirsch."
- On April 17, 1972, purchased for cash the operating assets of twenty-three self-service junior department stores, with sales of \$11.0 million, trading under the name "Wigwam" in the metropolitan Seattle-Tacoma, Washington area.
- Big Yank Corporation, New York City, a major manufacturer and distributor of leisure and work apparel, was acquired in an exchange of common stock on July 31, 1972, with sales of \$31.7 million.
- Standard Sportswear, Inc., Pittsburgh, a chain of thirteen men's specialty apparel shops, with sales of \$4.8 million, was acquired on November 1, 1972, in an exchange of common stock.

The combined acquisitions resulted in the exchange

of 349,571 shares of INTERCO common stock and the payment of \$4.8 million in cash.

NEW DIRECTOR ELECTED



Richard P. Hamilton

On March 13, 1972, Richard P. Hamilton, President of The Florsheim Shoe Company, was elected to the Board of Directors of INTERCO INCORPORATED. He was elected a Vice President of the company on December 13, 1971.

ORGANIZATIONAL CHANGES

To strengthen further the management group, the following appointments were made:

- Duane L. Starr, formerly Assistant Treasurer of the company, was elected Controller on March 13, 1972.
- Lionel Baxter, President of Big Yank Corporation, was appointed to the Operating Board of INTERCO on September 11, 1972.

- Duane A. Patterson, formerly Secretary of International Shoe Company, a division of INTERCO, was elected Assistant Secretary of the company on January 8, 1973.

CHANGE IN FISCAL YEAR

As mentioned in the "Message to Stockholders", the Board of Directors approved the change in INTERCO's fiscal year from November 30 to the last calendar day in February.

The company will submit to its shareholders in early May 1973, an Annual Report covering the fiscal year ending February 28, 1973, and the quarterly results ending on that date.

The next annual meeting of stockholders will be held as usual on the second Monday in March in 1973. However, in 1974 and thereafter, in coordination with the change in the fiscal year, each annual meeting of shareholders will be held in June.

These changes will not affect the present dates for payment of quarterly dividends to stockholders, which are the fifth calendar day in January, April, July and October.



APPAREL MANUFACTURING GROUP

	Beginning of Year	Added During Year	Closed During Year	End of Year
--	----------------------	----------------------	-----------------------	----------------

Manufacturing Plants 30 7 37



GENERAL RETAIL MERCHANDISING GROUP

Stores	494	103	28	569
------------------	-----	-----	----	-----



FOOTWEAR MANUFACTURING AND RETAILING GROUP

Manufacturing Plants	37	1	38	
Shoe Stores and Departments	893	55	78	870

REVIEW OF OPERATIONS



6



5



1



4

7



8

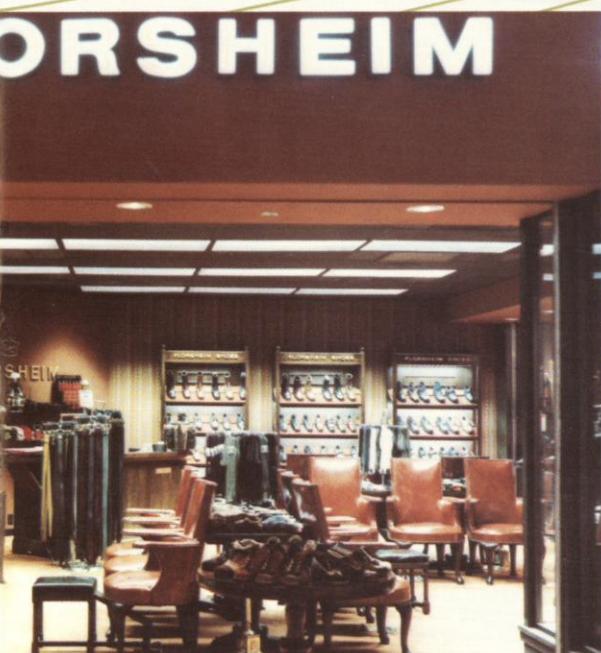


2



3

IN 1972



1 One of the new Thayer McNeil Shoe Salons opened during the year by Florsheim.
2 Interior view of a Shainberg's store.
3 New knit shirt manufacturing plant in the Apparel Group.
4 Luxurious Florsheim Men's Store—new in 1972.
5 One of the new low-profile Eagle Family Discount Stores opened during the year.
6 New apparel warehouse at Farmington, Missouri.
7 One of the thirteen Standard Sportswear men's specialty apparel shops in metropolitan Pittsburgh, Pennsylvania—acquired in 1972.

BIG YANK®

This major manufacturer and distributor of popular-priced apparel joined our Apparel Manufacturing Group on July 31, 1972.

The addition of this division complements and expands the growing apparel manufacturing business of INTERCO through its styling expertise, modern production facilities, and aggressive in-depth management.

Founded seventy-five years ago and with a heritage in western and work wear, Big Yank has expanded its market penetration to dress and casual slacks of woven and knit fabrics for men and boys . . . jeans, shirts and jackets for the entire family . . . and coordinated work clothing.

Big Yank's executive, marketing, and styling offices are in New York City, and its branded products are sold through more than 25,000 retail outlets. Distribution of its multi-line branded products is through a large servicenter in Hattiesburg, Mississippi, where finished products are centrally warehoused for efficient distribution to customers.

Five modern manufacturing plants are located in Mississippi, Pennsylvania, and Oklahoma. They are linked by a fleet of company transport vehicles which carry raw materials to production facilities, returning finished goods to the distribution center for economy of operation.

The extensive product-lines of Big Yank are geared to the ever-expanding leisure apparel market and the management is in tune with fast-changing needs.

The continuing population growth, together with increasing demand for casual apparel, places Big Yank in an excellent position to capture and expand its share of this market in the years ahead.

joined **INTERCO** in 1972

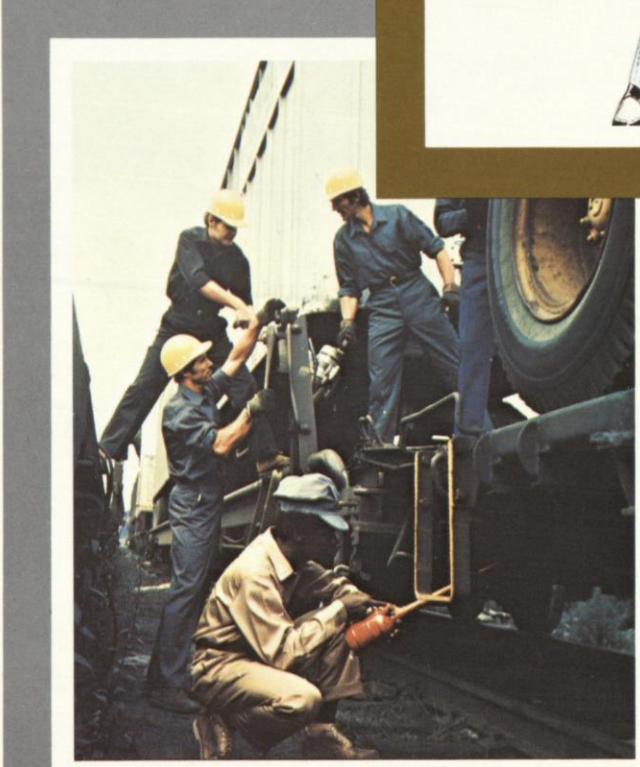
JEANS FOR THE FAMILY



WESTERN WEAR

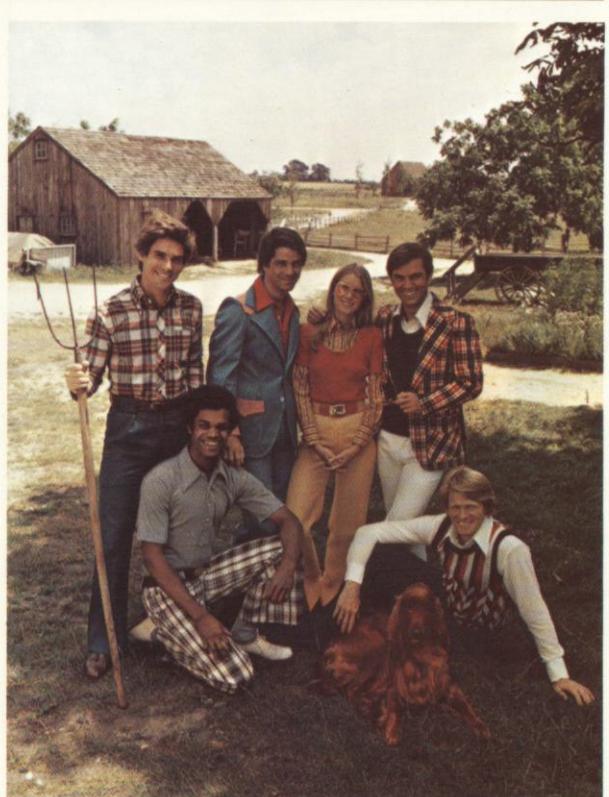
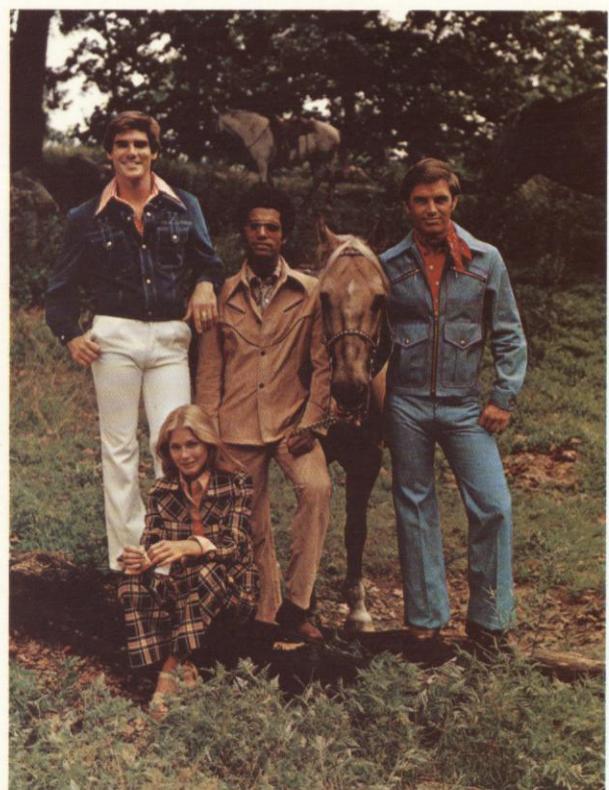


SPORTSWEAR



COORDINATED
WORK CLOTHING

Apparel Manufacturing Group



During fiscal 1972, INTERCO's apparel business contributed record high sales and earnings, as consumer demand for the exciting new male fashions stimulated that portion of the apparel industry which we serve.

The divisions within this group design, manufacture and distribute a full range of popular-priced branded and private-label sportswear and casual apparel for men, young men and boys; western jeans, shirts and jackets for the entire family; and coordinated work clothing.

The principal sportswear and casual apparel produced by INTERCO include woven and knit slacks, knit shirts—both sport and dress, sport coats, coordinated duo and trio sportswear, sweaters, jeans, western wear, outerwear, swim trunks, and walk shorts. Our well-known brands include Big Yank, Biltwell, Campus, Expressions by Campus, Impact 70's, John Alexander, Mr. Golf, Mr. Tennis, and Tailor's Bench.

In fiscal 1972, the apparel group contributed \$221.2 million or 22.5% of the total sales of the company.

Most of the products are manufactured in 37 plants in the United States and shipments to our customers are made through seven major distribution centers.

During 1972, new and expanded manufacturing capacity was added and 1973 plans provide for further expansion of manufacturing facilities to accommodate the increased attention to popular-priced fashions by the American consumer.

INTERCO's philosophy is—style, quality and value—and during 1973 we will continue to strengthen our merchandising and styling functions to remain alert to the dynamic changes in the apparel industry.

Pictured below, left to right, are the chief operating officers of each of our divisions. They are: Saul Brodsky of Biltwell, Webster L. Cowden of Cowden, Lionel Baxter of Big Yank and Melvin M. Brown of Campus. These men have made a significant contribution to the outstanding growth of INTERCO's apparel manufacturing business since our entry into this industry in fiscal 1965.



General Retail Merchandising Group

During fiscal 1972, INTERCO's general retail merchandising contributed record high sales, and the second highest earnings since our entry into this business in 1964.

The divisions within this group offer a wide range of popular-priced consumer products and services for the growing middle-income population through 569 retail stores in most regions of the country.

General retail operations include both full-service and self-service junior department stores, discount stores, specialty shops, and supermarket-type hardware, lumber and building materials stores. This group can be generally classified by type of operation as follows:

Junior Department Stores	
Full-service	92
Self-service	289
Discount Stores	140
Men's Apparel Shops	27
Hardware, Lumber & Building Material Supermarkets	21
Total stores in operation at November 30, 1972	<u>569</u>

The principal regional trading names of the stores in our general retail merchandising group include: Central Hardware, Eagle Family Discount Stores, Fine's Men's Shops, Golde's, Kent's, Lin-Brook Hardware, P. N. Hirsch, Shainberg's and Standard Sportswear. During fiscal 1972, we added 103 retail stores to this group, and plans for the current year include the opening of 60 new units.

In fiscal 1972, the general retail merchandising group contributed \$327.5 million or 33.4% of the total sales of the company. This improve-

ment is equal to 9.5% over fiscal 1971.

Earnings were down slightly because of a decision in the fourth quarter of 1972 to liquidate Proctor Enterprises, a division of Central Hardware. Proctor, a rack-merchandiser of promotional goods, had become unprofitable. All necessary markdowns were taken and reserves established to complete liquidation in 1973. All other divisions within the general retail group had profit improvement from operations in fiscal 1972.

In line with our program to modernize and expand our distribution facilities, P. N. Hirsch constructed a new 130,000 square foot distribution center in Vandalia, Illinois, and Shainberg's—Kent's added 185,000 square feet to its Memphis distribution center. We have now completed our planned program of modernizing and expanding the distribution facilities of all of the divisions in this group, and enter 1973 in an excellent

position to handle our planned growth.

Continuing plans are:

- Central Hardware—will be expanded to additional metropolitan areas.
- Eagle Family Discount Stores will have further expansion in the state of Florida and into the southeast region.
- Men's Apparel Shops—further expansion within the five states they now serve—Pennsylvania, West Virginia, Virginia, North and South Carolina.

The general retail group enters the new year with an opportunity to increase profit margins by more efficient operations and better control of centrally shipped merchandise.

Pictured below are the chief operating officers of each division. They are, seated left to right: Melvin G. Grinspan of Shainberg's, Philip N. Hirsch of P. N. Hirsch, John Weil of Eagle Family Discount Stores and



Barry Fine of Fine's Men's Shops. Standing, left to right, are: Edward S. Golde of Golde's and Joseph Cook of Standard Sportswear. Absent when the photograph was taken was Stanley M. Cohen of

Central Hardware.

These men are outstanding retailers, and through their excellent guidance, INTERCO's general retail business will continue to expand and grow in the years ahead.



Left—An interior view of one of the full-service department stores opened during the year.

Right—Interior view of a Wigwam self-service unit—23 store chain in the Northwest region acquired in 1972.

Below—Hirsch was operating 256 general retail merchandising stores under various regional names at the end of fiscal 1972.



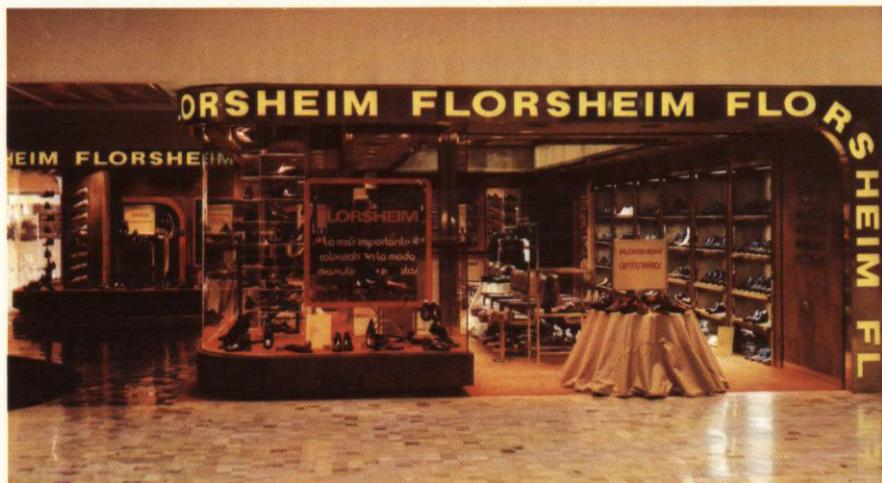
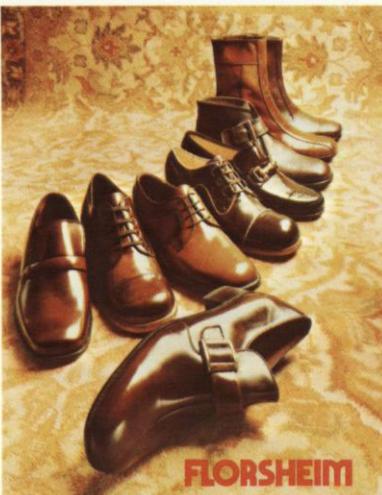
Footwear Manufacturing and Retailing Group



Top—International Shoe Company's Spring 1973 footwear for men, women and children displayed in the Astro-Hall, Houston, National Shoe Fair.

Right—A few of the high quality styles of men's footwear offered by "Florsheim."

Below—The first "Florsheim Men's Shop" in Mexico—located in Mexico City.



INTERCO's footwear group—manufacturing and retailing—contributed record high sales and earnings during fiscal 1972 due partially to a stabilization of women's clothing styles, including a return to more classic feminine lines, and across-the-board demand for coordinated shoe fashions for men.

The divisions within this group style, manufacture, wholesale and retail men's, women's and children's footwear in most major price categories in the United States and Canada, and manufacture and wholesale men's footwear in Australia.

In fiscal 1972, the footwear group contributed \$432.4 million or 44.1% of the total sales of the company which represented the largest annual increase in more than ten years.

Footwear Manufacturing:

INTERCO's footwear manufacturing business includes:

- Florsheim Shoe—both men's and women's—enjoys a dominant position in the field of quality fashion footwear and leadership in the markets it serves.
- International Shoe, manufacturer of popular-priced footwear of superior style and quality for men, women and children, both branded and private label distribution.
- Julius Marlow Holdings Limited, manufacturer of men's quality shoes in Australia, including Florsheim.
- Interco Savage Limited, manufacturer of men's, women's, and children's shoes for the Canadian market, including Florsheim.

The year 1972 was, perhaps, one of turn-around for domestic shoe manufacturers, after a decade of rapid encroachment from foreign-made footwear competitors. Imports increased again during the year, but

the rate of increase slowed considerably, especially in the price ranges offered by the company.

INTERCO's shoe manufacturing business during the year was unusual because our shoe manufacturing facilities operated at near full capacity and on an overtime basis for a significant portion of the year. However, this high level of production was partially offset by rapidly escalating increases in leather cost. During 1972, Price Commission regulations placed extreme pressures on profit margins as a result of allowing only the recovery of higher leather cost on a dollar-for-dollar basis.

At year end, we were operating 38 shoe manufacturing plants and 8 major distribution centers. During the year, we expanded manufacturing capacity and have aggressive modernization and additional manufacturing facilities planned for 1973.

Footwear Retailing:

The retail shoe operations of INTERCO had an outstanding year, and at the end of fiscal 1972 operated 870 shoe stores and departments in

forty-three states, Canada, and Mexico.

During the year, Florsheim led the aggressive retail program with the opening of 38 new locations. "Florsheim Men's Shops" and "Thayer McNeil Shoe Salons" were opened in many new regional shopping centers in this country as well as one in Mexico City—the first "Florsheim Men's Shop" outside the United States and Canada.

During fiscal 1972, plans were formulated for the orderly transfer by International Retail Shoe—a division of INTERCO—of certain regional retail footwear operations to Florsheim, thereby achieving administrative economies and consolidating the footwear retail business of the company. At this time, 39 stores have been integrated with Florsheim and the program will continue throughout 1973. Under the plan of reorganization, 21 children's shoe stores, the only children's shoe stores operated by INTERCO, were sold in mid-1972.

International Retail expanded into larger stores and departments

in 1972 with the opening of 14 well-located units, and the plan to eliminate small, low-volume marginal units continued during the year.

Outlook:

INTERCO concluded 1972 as one of the dominant manufacturers and retailers of quality shoes for men, women and children, and enters 1973 with confidence in its substantial future growth potential, both in manufacturing and distribution to independent retailers and department stores and through its own retail operations. Plans for 1973 include 70 new shoe stores and leased shoe departments.

Pictured below, left to right, are the chief operating officers of each of our divisions. They are: Richard P. Hamilton of Florsheim, Edward J. Riley of International Shoe, Joseph Fox of International Retail Shoe and Donald G. MacLeod of Interco Savage in Canada. These men, operating under very unusual business conditions, were capable of leading INTERCO's footwear operations to record levels in fiscal 1972.



consolidated balance sheet

Assets		
	November 30,	1972
		1971
Current assets:		
Cash.....	\$ 28,845,578	\$ 34,972,607
Receivables, less allowance for doubtful accounts and cash discounts, \$3,072,967 (\$2,660,471 in 1971).....	134,271,128	114,982,861
Inventories:		
Finished products and other merchandise.....	167,667,702	156,691,733
Raw materials and work in process.....	46,749,566	42,761,344
	<hr/> 214,417,268	<hr/> 199,453,077
Prepaid expenses.....	2,494,712	2,922,716
Future Federal income tax benefits.....	296,286	—
Total current assets.....	380,324,972	352,331,261
Other assets:		
Future Federal income tax benefits.....	2,928,216	2,765,659
Excess of investment over equity in subsidiaries at acquisition, net of amortization.....	10,132,067	10,502,230
Sundry investments and other assets.....	5,986,801	5,298,581
Total other assets.....	<hr/> 19,047,084	<hr/> 18,566,470
Property, plant and equipment, at cost:		
Land.....	4,832,913	4,848,696
Buildings and improvements.....	79,272,953	73,513,016
Machinery and equipment.....	86,612,624	81,837,445
	<hr/> 170,718,490	<hr/> 160,199,157
Less accumulated depreciation.....	84,468,741	78,966,722
Net property, plant and equipment.....	<hr/> 86,249,749	<hr/> 81,232,435
	<hr/> \$485,621,805	<hr/> \$452,130,166

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity

	November 30,	1972	1971
Current liabilities:			
Notes payable.....	\$ 9,750,950	\$ —	
Current maturities of long-term debt.....	3,792,650	4,921,944	
Accounts payable and accrued expenses.....	85,962,019	85,343,324	
Federal and foreign income taxes.....	9,139,008	10,517,304	
Deferred Federal income taxes.....	—	26,304	
Total current liabilities.....	108,644,627	100,808,876	
Other liabilities:			
Long-term debt, less current maturities.....	62,131,977	68,115,406	
Deferred compensation and other deferred liabilities.....	9,473,086	9,562,521	
Minority interests in subsidiaries.....	2,791,290	2,581,133	
Total other liabilities.....	74,396,353	80,259,060	
Stockholders' equity:			
Preferred stock, at stated and liquidating value:			
First preferred — Series A.....	2,711,200	5,433,900	
First preferred — Series B.....	673,040	1,869,520	
Second preferred—Series C.....	15,839,900	15,433,800	
19,224,140		22,737,220	
Common stock, at stated value.....	74,418,023	71,778,893	
Capital surplus.....	40,739,324	34,459,447	
Retained earnings.....	170,378,824	145,558,107	
304,760,311		274,533,667	
Less common stock in treasury, at cost.....	2,179,486	3,471,437	
Total stockholders' equity.....	302,580,825	271,062,230	
	\$485,621,805	\$452,130,166	

consolidated statement of earnings

	Years Ended November 30,	1972	1971
Sales and other income:			
Net sales.....		\$981,121,514	\$883,388,499
Other income, net.....		8,008,932	7,499,416
		989,130,446	890,887,915
Deductions:			
Cost of sales.....		693,318,954	620,085,023
Selling, general and administrative expenses.....		220,675,789	203,751,413
Interest expense.....		4,784,450	5,315,230
Minority interests.....		366,048	321,549
		919,145,241	829,473,215
Earnings before Federal and foreign income taxes.....		69,985,205	61,414,700
Federal and foreign income taxes:			
Current.....		32,773,517	29,258,571
Deferred—Federal.....		(485,147)	(709,011)
		32,288,370	28,549,560
Net earnings.....		\$ 37,696,835	\$ 32,865,140
Per share of common stock:			
Fully diluted earnings.....		\$ 3.56	\$ 3.18
Primary earnings.....		\$ 3.72	\$ 3.46

See accompanying notes to consolidated financial statements.

consolidated statement of changes in financial position

	Years Ended November 30,	1972	1971
Working capital provided by:			
Net earnings.....		\$ 37,696,835	\$ 32,865,140
Depreciation and amortization.....		10,175,262	9,783,786
Increase in future Federal income tax benefits.....		(162,557)	(218,856)
Operations.....		47,709,540	42,430,070
Disposal of property, plant and equipment.....		981,684	5,947,337
Sale of common stock.....		—	16,842,569
Issuance of common stock for purchase of company.....		1,508,771	—
Issuance of common stock for conversion of preferred stock—contra below..		3,921,780	28,117,560
Exercise of stock options.....		5,189,677	1,255,816
Working capital of purchased companies.....		5,364,202	451,449
		64,675,654	95,044,801
Working capital used for:			
Purchase of property, plant and equipment.....		14,796,916	14,233,980
Cash dividends.....		12,876,118	11,947,630
Conversion of preferred stock—contra above.....		3,921,780	28,117,560
Reduction of long-term debt.....		5,983,429	3,267,821
Purchase of companies.....		6,295,671	509,200
Purchase of company's stock.....		—	423,750
Other, net.....		643,780	(189,336)
		44,517,694	58,310,605
Increase in working capital.....		\$ 20,157,960	\$ 36,734,196
Working capital increased (decreased) by:			
Cash.....		\$ (6,127,029)	\$ 9,639,670
Receivables.....		19,288,267	2,155,048
Inventories.....		14,964,191	14,171,787
Notes payable.....		(9,750,950)	20,085,346
Current maturities of long-term debt.....		1,129,294	551,063
Accounts payable and accrued expenses.....		(618,695)	(9,696,731)
Other current assets and liabilities, net.....		1,272,882	(171,987)
		\$ 20,157,960	\$ 36,734,196

See accompanying notes to consolidated financial statements.

consolidated statement of stockholders' equity

	Years Ended November 30, 1972 and 1971					
	Preferred Stock	Common Stock Issued	In Treasury	Capital Surplus	Retained Earnings	Total
Balance November 30, 1970:						
As previously reported.....	\$50,359,340	\$57,460,230	\$(5,638,433)	\$ 519,553	\$124,613,613	\$227,314,303
Adjustments for pooled companies.....		1,804,335	1,973,611	1,012,951	367,600	5,158,497
As restated.....	50,359,340	59,264,565	(3,664,822)	1,532,504	124,981,213	232,472,800
Net earnings.....					32,865,140	32,865,140
Cash dividends:						
Preferred stock.....					(1,787,375)	(1,787,375)
Common stock—\$1.20 per share.....					(10,059,455)	(10,059,455)
By pooled company prior to acquisition.....					(100,800)	(100,800)
Sale of 400,000 common shares.....		3,000,000		13,842,569		16,842,569
Conversion of preferred stock:						
Series A— 96,699 shares..	(9,669,900)	3,152,820		6,514,822		(2,258)
Series B—334,864 shares..	(13,394,560)	5,022,960		8,371,600		
Series C— 50,531 shares..	(5,053,100)	1,157,107		3,895,536		(457)
Purchase of 10,000 common shares.....			(423,750)			(423,750)
Issuance of 12,191 contingent common shares.....			340,616		(340,616)	
Exercise of stock options:						
Series B — 1,411 shares...	56,440			(12,092)		44,348
Series C — 4,390 shares...	439,000			(143,467)		295,533
Common—34,060 shares...		180,451	279,500	455,984		915,935
Series B treasury shares converted to 132 common treasury shares.....		990	(2,981)	1,991		
Balance November 30, 1971, as restated.....	22,737,220	71,778,893	(3,471,437)	34,459,447	145,558,107	271,062,230
Net earnings.....					37,696,835	37,696,835
Cash dividends:						
Preferred stock.....					(1,035,572)	(1,035,572)
Common stock—\$1.24 per share.....					(11,739,746)	(11,739,746)
By pooled company prior to acquisition.....					(100,800)	(100,800)
Issuance of 40,250 common shares in purchase of Golde's Department Stores, Inc.....		301,875		1,206,896		1,508,771
Conversion of preferred stock:						
Series A—27,227 shares....	(2,722,700)	887,745		1,834,402		(553)
Series B—29,912 shares....	(1,196,480)	448,680		747,800		
Series C— 26 shares....	(2,600)	593		1,990		(17)
Exercise of stock options:						
Series C — 4,087 shares..	408,700			(133,521)		275,179
Common—178,365 shares..		1,000,237	1,291,951	2,622,310		4,914,498
Balance November 30, 1972..	\$19,224,140	\$74,418,023	\$(2,179,486)	\$40,739,324	\$170,378,824	\$302,580,825

See accompanying notes to consolidated financial statements.

notes to consolidated financial statements

November 30, 1972 and 1971

Principles of Consolidation—All subsidiaries with a 51% or greater ownership are consolidated in the accompanying financial statements. During 1972, the company acquired all the outstanding stock of Big Yank Corporation and Standard Sportswear, Inc. in exchange for 309,321 shares of common stock, of which 68,743 were treasury shares. These transactions were accounted for as poolings of interests, and accordingly the accounts of these companies have been included in the accompanying financial statements for 1972 and 1971. Consolidated net sales and net earnings for 1971 prior to restatement for these business combinations were \$847,392,532 and \$31,495,367 respectively. The results of operations of these companies for 1972 prior to combining are not material to consolidated results of operations. Also during 1972, the company acquired several other companies for \$4,786,900 cash and 40,250 shares of common stock in transactions accounted for as purchases. The net sales and net earnings of these purchased companies are not material to the consolidated results of operations. A maximum of 40,249 additional shares of common stock may be issued in 1976 based upon profit performance of one of the purchased companies. Excess of investment over equity in subsidiaries, except for approximately \$5,400,000 which arose prior to December 1, 1969, is being amortized on a straight-line basis, generally over forty years.

Inventories—Approximately 93% of the inventories are priced at the lower of cost (first-in, first-out) or replacement market. The remainder of the inventories are priced at cost (last-in, first-out) which is below replacement market.

Federal Income Taxes—Deferred compensation, depreciation, profit on installment sales and certain reserves are recognized for income tax purposes in years other than the years in which they are reported in the financial statements. The tax effects of these timing differences are shown in the financial statements as future Federal income tax benefits and deferred Federal income taxes.

The "flow through" method is used in accounting for the investment tax credit. Such credit amounted to \$471,663 in 1972 and \$254,655 in 1971.

The Federal income tax returns of the company and its major subsidiaries for the four taxable years beginning with 1965 have been examined by the Internal Revenue Service. Management is of the opinion that the issues raised will be settled with no material adverse effect on the company's financial position or results of operations.

Property, Plant and Equipment—For financial reporting purposes, depreciation of physical properties aggregated \$9,912,244 in 1972 and \$9,494,923 in 1971 and is computed generally on a straight-line basis over the estimated useful life of each class of assets.

Long-Term Debt—Long-term debt includes the following:

	<u>1972</u>	<u>1971</u>
4½% promissory installment notes, payable \$1,875,000 annually, 1973-1989, and balance in 1990.....	\$44,375,000	\$46,250,000
6% promissory installment notes, payable \$750,000 annually, 1973-1975, \$1,250,000 annually, 1976-1979, and balance in 1980	10,500,000	12,000,000
4¾% obligation under long-term lease, payable in annual installments increasing from \$250,000 in 1973 to \$565,000 in 1991	7,415,000	7,655,000
Other debt at 2½% to 9¼% interest rates, payable in varying amounts through 1993	3,634,627	7,132,350
	<u>65,924,627</u>	<u>73,037,350</u>
Less current maturities.....	3,792,650	4,921,944
	<u>\$62,131,977</u>	<u>\$68,115,406</u>

The 4½% note agreement restricts retained earnings of \$43,810,400 as to the payment of cash dividends on capital stock and the purchase, redemption or retirement of capital stock. The agreement also provides that no such payments be made unless consolidated working capital shall be at least \$80,000,000.

Preferred Stock—The company's preferred stock is issuable in series. Authorized preferred stock consists of 577,060 shares of first preferred (Series A and B) and 1,000,000 shares of second preferred (Series C) without par value. Such stock is summarized as follows:

Series A—\$4.75 cumulative, with stated and involuntary liquidating value of \$100 per share; issued 27,112 shares (54,339 in 1971); callable beginning in 1974 at \$104.75, decreasing to \$100.00 in 1981; convertible into 4.3478 shares of common stock.

Series B—\$2.10 cumulative, with stated and involuntary liquidating value of \$40 per share; issued 16,826 shares (46,738 in 1971); callable beginning in 1975 at \$42.10, decreasing to \$40.00 in 1985; convertible into 2 shares of common stock.

Series C—\$5.25 cumulative, with stated and involuntary liquidating value of \$100 per share; issued 158,399 shares (154,338 in 1971); callable beginning in 1975 at \$105.25, decreasing to \$100.00 in 1985; convertible into 3.0534 shares of common stock.

Common Stock—The company's common stock consists of 15,000,000 shares authorized with stated value of \$7.50 per share, of which 9,922,403 shares were issued at November 30, 1972 (9,570,519 in 1971), including 75,913 shares (120,913 in 1971) in treasury. At November 30, 1972, 1,089,886 shares of common stock are reserved, of which 635,186 shares are for conversion of preferred stock, 333,150 shares for common

stock options and 121,550 shares for issuance of contingent shares, based on profit performance of acquired companies.

During 1972, the stockholders approved a new stock option plan authorizing the granting of 200,000 shares of common stock as qualified or non-qualified stock options, or a combination of both. At November 30, 1972, options for 28,000 shares had been granted, all of which were qualified. These grants, as well as those under earlier stock option plans, permit certain key employees to purchase shares of common stock at prices equal to market value on the dates the options were granted. All options become exercisable in installments and expire in five years from date of grant. Changes in options granted are summarized as follows:

	1972		1971	
	Shares	Average Price	Shares	Average Price
Beginning of year . . .	275,640	\$30.69	260,300	\$28.02
Granted.....	64,400	49.00	54,350	41.25
Exercised.....	(178,365)	27.55	(34,060)	26.89
Cancelled.....	(750)	38.25	(4,950)	32.25
End of year.....	160,925	41.46	275,640	30.69
Exercisable.....	13,338		182,927	

Commitments and Contingent Liabilities—The company and its subsidiaries have pension plans covering substantially all employees. The company's policy with respect to principal pension plans is to fund pension costs accrued. Total pension expense for the year was \$6,965,000 (\$6,023,000 in 1971), which includes, as to certain of the plans, amortization of prior service costs over periods ranging from 20 to 40 years.

The actuarially computed value of vested benefits as of latest valuation dates of the plans exceeds the total of the pension funds by approximately \$5,500,000.

Excluding rental payments on capitalized long-term leases, the company currently has leases expiring at various dates through the year 2047. All minimum annual rentals for 1973 approximate \$20,000,000 with additional rentals payable under certain leases based on a percentage of sales in excess of specified minimums. Total rent expense for 1972 was \$31,902,672 (\$28,159,099 in 1971). The company has also guaranteed leases of retail outlets of customers which at November 30, 1972, aggregates approximately \$4,000,000, based on minimum rentals.

Earnings Per Share of Common Stock—Fully diluted earnings per share is based on the weighted average number of shares of common stock and common stock equivalents outstanding during the year plus those common shares which would have been issued if conversion of all preferred stock had taken place at the beginning of the year. Common stock issuances based on profit performance and common stock options, the exercise of which would result in dilution of earnings per share, have been considered as the equivalent of common stock.

Primary earnings per share is based on those shares included in the fully diluted earnings per share calculation, except that conversion of preferred stock has not been assumed. Net earnings for this computation were reduced by preferred stock dividend requirements.

PEAT, MARWICK, MITCHELL & CO.

Certified Public Accountants

720 Olive Street

St. Louis, Missouri

THE BOARD OF DIRECTORS AND STOCKHOLDERS
INTERCO INCORPORATED:

We have examined the consolidated balance sheets of INTERCO INCORPORATED and subsidiaries as of November 30, 1972 and 1971 and the related statements of earnings, stockholders' equity, and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of INTERCO INCORPORATED and subsidiaries at November 30, 1972 and 1971 and the results of their operations, changes in stockholders' equity, and changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

January 8, 1973

Peat, Marwick, Mitchell & Co.

five year consolidated financial review

	YEARS ENDED NOVEMBER 30				
	1972	1971	1970	1969	1968
FOR THE YEAR					
Net sales.....	\$981,122	\$883,388	\$807,081	\$736,125	\$695,030
Earnings before income taxes.....	69,985	61,415	54,934	51,049	48,162
As a percent of sales.....	7.1%	7.0%	6.8%	6.9%	6.9%
Net earnings.....	37,697	32,865	28,480	26,598	26,252
As a percent of sales.....	3.8%	3.7%	3.5%	3.6%	3.8%
Cash dividends paid:					
On common stock.....	11,740	10,060	8,156	7,236	6,458
On preferred stock.....	1,036	1,787	2,498	2,429	2,087
AT YEAR END					
Working capital.....	271,680	251,522	214,788	214,435	208,792
Property, plant and equipment, net...	86,250	81,232	82,416	73,520	69,874
Capital expenditures.....	14,797	14,234	16,197	16,085	13,586
Total assets.....	485,622	452,130	427,037	385,875	365,829
Long-term debt.....	62,132	68,115	71,188	73,582	77,436
Stockholders' equity.....	302,581	271,062	232,473	216,155	202,581
PER SHARE OF COMMON STOCK					
Fully diluted earnings (1).....	3.56	3.18	2.85	2.70	2.66
Dividends.....	1.24	1.20	1.10	1.00	.90

(1) Refer to Earnings per Share of Common Stock in Notes to Consolidated Financial Statements.

(2) The above figures have been restated to include pooled companies for years prior to their acquisition.

In Memoriam RICHARD HENDERSON ELY

1918-1973

With deepest regret we note the death of Mr. Ely on Saturday, January 20, 1973, after a brief illness.

Mr. Ely devoted himself to carrying on the high ideals and traditions of the company. He joined the company in January, 1952 as Assistant General Counsel, and was elected Assistant Secretary in 1962, and served as General Counsel from February, 1963 to March, 1969. He was elected a

member of the Board of Directors in February, 1964 and became Corporate Secretary in July, 1966.

His outstanding achievements were recognized not only by the company, but by many civic organizations to which he contributed his time and energy.

He will be greatly missed as a dedicated leader and as a fine gentleman.

DIRECTORS

DAVID R. CALHOUN
Chairman of the Board, First Union,
Incorporated and St. Louis Union
Trust Company

MAURICE R. CHAMBERS
Chairman of the Board and
Chief Executive Officer of the Company

STANLEY M. COHEN
President, Central Hardware Company

WEBSTER L. COWDEN
Chairman of the Board, Cowden
Manufacturing Company

WILLIAM L. EDWARDS, JR.
Senior Executive Vice President and
Chief Financial Officer of the Company

RICHARD H. ELY
Secretary of the Company

JOSEPH FOX
President, International Retail Shoe Company

RICHARD P. HAMILTON
President, The Florsheim Shoe Company

PHILIP N. HIRSCH
President, P. N. Hirsch & Company

J. LEE JOHNSON
Retired

EDWIN S. JONES
Chairman of the Board,
First National Bank in St. Louis and
President, First Union, Incorporated

SAMUEL S. KAUFMAN
Chairman of the Board,
Campus Sweater & Sportswear Company

DONALD E. LASATER
Chairman of the Board,
Mercantile Bancorporation Inc. and
Mercantile Trust Company National Association

NORFLEET H. RAND
Vice Chairman of the Board and
Treasurer of the Company

JOHN K. RIEDY
President and Chief Operating Officer
of the Company

EDWARD J. RILEY
President, International Shoe Company

HERBERT SHAINBERG
Chairman of the Board, Sam Shainberg Company

OFFICERS

MAURICE R. CHAMBERS, Chairman of the Board
and Chief Executive Officer

JOHN K. RIEDY, President and Chief
Operating Officer

NORFLEET H. RAND, Vice Chairman of the
Board and Treasurer

WILLIAM L. EDWARDS, JR., Senior Executive
Vice President and Chief Financial Officer

EDWARD J. RILEY, Vice President

JOSEPH FOX, Vice President

PHILIP N. HIRSCH, Vice President

WEBSTER L. COWDEN, Vice President

STANLEY M. COHEN, Vice President

HERBERT SHAINBERG, Vice President

SAMUEL S. KAUFMAN, Vice President

RICHARD P. HAMILTON, Vice President

RONALD L. AYLWARD, Vice President and
General Counsel

RICHARD H. ELY, Secretary

DUANE L. STARR, Controller

EDWARD P. GRACE, Assistant Treasurer

DUANE A. PATTERSON, Assistant Secretary

EXECUTIVE OFFICES

Ten Broadway
St. Louis, Missouri 63102

TRANSFER AGENTS

Manufacturers Hanover Trust Company
New York, New York

Mercantile Trust Company National Association
St. Louis, Missouri

REGISTRARS

Morgan Guaranty Trust Company
New York, New York

St. Louis Union Trust Company
St. Louis, Missouri

